

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NORTH DAKOTA**

In re:

Jointly Administered

EPIC Companies Midwest, LLC,
EPIC Companies Midwest 2023, LLC,
EPIC Employee, LLC,
EOLA Capital, LLC, and
EC West Fargo, LLC,

Bankruptcy No. 24-30281
Bankruptcy No. 24-30282
Bankruptcy No. 24-30283
Bankruptcy No. 24-30284
Bankruptcy No. 24-30285

Debtors.

Chapter 11

EPIC Companies Midwest, LLC, and
EPIC Companies Midwest 2023, LLC,

Plaintiffs,

Adversary No. 24-07024

v.

SAD Downtown, LLC d/b/a The Firm,

Defendant.

**LIQUIDATING TRUSTEE’S NOTICE OF MOTION AND MOTION TO APPROVE
SETTLEMENT**

1. Lighthouse Management Group, Inc., as the Liquidating Trustee for the EPIC Liquidating Trust (the “Liquidating Trustee”), on behalf of EPIC Companies Midwest, LLC (“EPIC Midwest”), EPIC Companies Midwest 2023, LLC (“EPIC Midwest 2023”), EPIC Employee, LLC (“Employee”), EOLA Capital, LLC (“EOLA”), and EC West Fargo, LLC (“EC,” and together with EPIC Midwest, EPIC Midwest 2023, Employee, and EOLA, the “Debtors”) hereby moves the Court for an order pursuant to Fed. R. Bankr. P. 9019(a) approving a settlement between the Liquidating Trustee and SAD Downtown, LLC d/b/a The Firm (“SAD Downtown”).

2. This Motion arises under 11 U.S.C. § 105(a) and Fed. R. Bankr. P. 2002(a)(3) and 9019(a). This Motion is filed under Fed. R. Bankr. P. 9013, Local Rule 9013-1, and the Court's Order Establishing Settlement Procedures (ECF No. 123). Notice of this Motion is provided pursuant to the Court's Order Limiting Notice Pursuant to Fed. R. Bankr. P. 2002(i) (ECF No. 124).

3. Between April 1, 2020 and December 1, 2023, SAD Downtown issued a total of eight promissory notes to EPIC Midwest and EPIC Midwest 2023, with principal amounts totaling \$1,130,000 (the "Notes").

4. Between April 24, 2020 and December 5, 2023, EPIC Midwest or EPIC Midwest 2023, as applicable, transferred a total of \$1,120,439 to SAD Downtown pursuant to the Notes (the "Transfers").

5. The Notes required SAD Downtown to make monthly payments to EPIC Midwest and EPIC Midwest 2023 in the form of interest with rates ranging from 6.5% to 8.0% per annum.

6. In or around January 2024, SAD Downtown ceased making monthly payments to EPIC Midwest and EPIC Midwest 2023 as required by the Notes.

7. On November 1, 2024, EPIC Midwest and EPIC Midwest 2023 commenced an adversary proceeding against SAD Downtown, Adv. No. 24-07024 (the "Adversary Proceeding"), alleging, among other things, that SAD Downtown breached the Notes and seeking to recover the Transfers. EPIC Midwest and EPIC Midwest 2023 sought to recover \$610,975.80 and \$352,010.40, respectively, from SAD Downtown.

8. On December 18, 2024, SAD Downtown filed an answer in the Adversary Proceeding asserting various affirmative defenses, contesting the validity of the Notes and the Transfers, and asserting the right to a jury trial.

9. The parties extensively briefed the jury trial issue and were preparing for an evidentiary hearing scheduled for January 12 and 13, 2026 in Fargo, North Dakota.

10. Prior to the evidentiary hearing, the parties engaged in good faith negotiations and ultimately reached a settlement to avoid litigating all the above issues.

11. To avoid the costs and uncertainties of litigation, SAD Downtown will make a one-time payment of \$250,000 to the Liquidating Trustee within five (5) business days after the Court enters an order approving the settlement, or five (5) business days prior to any foreclosure sale, whichever is earlier, or such other time as the Liquidating Trustee may agree.

12. In exchange for the one-time \$250,000 payment, and assuming SAD Downtown's full compliance with the agreement, the Liquidating Trustee agrees to deem the Notes fully satisfied and to release SAD Downtown from all claims, demands, liabilities, obligations, and causes of action relating to the Notes, the Transfers, and the Adversary Proceeding.

13. The Liquidating Trustee also agrees: (a) to disclaim any right, interest, claim, or other entitlement to any membership interest in SAD Downtown; (b) not to purchase, acquire, or pursue any additional claims against SAD Downtown; and (c) not to oppose or otherwise contest SAD Downtown's resolution of any other subordinated debt or outstanding equity interests.

14. Within seven (7) business days after the Liquidating Trustee receives the \$250,000 from SAD Downtown, the parties will file a stipulation dismissing the Adversary Proceeding and all claims with prejudice.

15. The Liquidating Trustee believes that the costs of litigation will reduce the funds available to pay claims if the dispute is not settled and SAD Downtown has asserted an inability to pay the Liquidating Trustee the full amounts owed under the Notes. Based on these circumstances, the Liquidating Trustee believes the settlement is in the best interest of creditors.

16. The Liquidating Trustee requests that the Court approve the settlement described herein pursuant to Fed. R. Bankr. P. 9019(a).

17. **Any objection to the Motion must be filed with the Clerk of the United States Bankruptcy Court, whose address is Quentin N. Burdick Courthouse, 655 First Avenue North, Suite 210, Fargo, North Dakota 58102, and served upon the attorney whose name and address is listed below, by Tuesday, February 17, 2026, which is twenty-one (21) days from the date of the filing of this Motion. Any objections not filed and served may be deemed waived and the Court may enter an order approving this settlement without further notice or hearing.**

Dated: January 27, 2026

/s/ Steven R. Kinsella

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**ATTORNEYS FOR THE LIQUIDATING
TRUSTEE**

**UNITED STATES BANKRUPTCY COURT
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ORDER

On January 27, 2026, Lighthouse Management Group, Inc., as the Liquidating Trustee for the EPIC Liquidating Trust, on behalf of the Plaintiffs/Debtors, filed a motion seeking approval of a settlement. The Liquidating Trustee provided notice of the motion summarizing the settlement between the Liquidating Trustee and SAD Downtown, LLC d/b/a The Firm. The Court received no objections. Based on the information provided by the Liquidating Trustee on behalf of the Plaintiffs/Debtors and the documents filed in this case, the Court finds that the proposed settlement is fair and equitable, reflects a balance of the risks of litigation with potential recovery, and appears to be in the best interest of creditors. Therefore, **IT IS ORDERED** that the Motion to Approve

Settlement [Adversary No. 24-07024, ECF No. __; Bankruptcy No. 24-30281, ECF No. __] is
GRANTED and the settlement is **APPROVED**.

BY THE COURT:

Dated:

William J. Fisher
United States Bankruptcy Judge